

Clevenger, Charlotte

From: Bruce C McKay <bruce.c.mckay@dominionenergy.com>
Sent: Thursday, November 02, 2017 8:06 PM
To: Durwood Stephenson;Rosemary Wyche
Cc: larry.wooten@ncfb.org;Tolson.Norris@GMail.com;Copeland, Anthony M
Subject: RE: [External] ACP
Attachments: ACP - Tap Policy Sept 2014.pdf

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Good evening Durwood,

Thank you for your email yesterday. And thank you especially for the opportunity to address the issue of local access to gas off the proposed Atlantic Coast Pipeline.

Secretary Copeland should expect to receive from David Fountain very soon a detailed description of how the company intends to use this new supply of gas to meet its projected growing demand for gas in Eastern North Carolina, both from existing customers as well as from those who will, because of ACP, have a greater chance of being reached by an expanded distribution system.

It is my understanding that because some of what Duke/PNG will share will include confidential business plans, it will not, in its entirety, be shared beyond government officials. However, I am very confident that what can be shared, at your convenience, will provide you the assurances you need to continue your strong advocacy in support of the project.

In broad terms, the ACP will initially be constructed with three interconnections to the PNG transmission and distribution system. Those interconnections are located near Smithfield, Fayetteville, and Pembroke; locations chosen by PNG as being the most important points for boosting their distribution network.

After ACP is operational in late 2019, should a large industrial customer seek gas directly from ACP in a location where a new tap and transmission line would be the best solution, ACP and the PNG, or another relevant local gas utility, would work with that customer to help them access gas directly from the line per the open access rules of the Federal Energy Regulatory Commission. These process are spelled out in the attached "tap policy" adopted by the ACP project in 2014.

You also mentioned the important priority of reaching more farming operations. We understand this imperative. As has been discuss with Mr. Wooten and his staff on several occasions, ACP will bring with it new opportunities for PNG to reach more operators. I will leave it to PNG to elaborate further on this opportunity, though during our last meeting with the Farm Bureau we also discussed the potential for using new technologies to deliver liquefied natural gas and/or compressed natural gas to more remote farms.

 The simple fact is that ACP will bring opportunities which don't exist today. Policymakers may be interested in exploring options such as tariff modifications to support expanded distribution, increased funding for the "Ag Gas" program administered by the Department of Commerce, targeted economic development funding to support system expansion, tax-exempt funding as was done in the past to extend natural gas to the coast, etc. All of these options can now be seriously considered because the gas supply will be there to support them, assuming the ACP is constructed.